

## Message Text

CONFIDENTIAL

PAGE 01 STATE 025030

15

ORIGIN COME-00

INFO OCT-01 EA-06 ISO-00 EB-07 AGR-05 /019 R

DRAFTED BY COM/BIC/OED/MEPD/WHAIMES/CF

APPROVED BY EB/OCA/REP/GPWILSON

COM/BIC/OED/MEPD/CATKINS

COM/BIC/OED/MEPD/JMSANDS, DIR.

STATE/EA/IMS/ADORNHEIM (PHONE)

COM/BIC/OIM/ (INFO)

----- 024281

R 041605Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

INFO AMCONSUL SURABAYA

C O N F I D E N T I A L STATE 025030

E.O. 11652: GDS

TAGS: BEXP, ID

SUBJECT: FERTILIZER PROJECTS: GRESIK TSP PLANT

1. CHEMICO INFORMS US THAT NEGOTIATIONS FOR DESIGN/  
CONSTRUCTION CONTRACT FOR TSP PLANT IN JEOPARDY AND  
THAT CONTRACT WILL PROBABLY GO TO MITSUBISHI UNLESS  
CHEMICO CAN PUT TOGETHER COMPETITIVE FINANCIAL PROPOSAL.

2. AS EMBASSY AWARE, CHEMICO WON FEASIBILITY STUDY FOR  
TSP PLANT PRIMARILY AS RESULT OF INFORMATION ACQUIRED  
DURING FERTILIZER TASK FORCE VISIT AND SUBSEQUENT FOLLOW-  
UP TO OPPORTUNITY. EMBASSY WILL RECALL THAT PRIOR TO  
TASK FORCE TRIP MITSUBISHI HAD BEEN SEEKING EQUITY  
POSITION AND HAD DONE FEASIBILITY STUDY FOR P.T. GRESIK.  
FEASIBILITY STUDY HAD ESTIMATED COST TO BE CONSIDERABLY  
HIGHER THAN ORIGINAL TVA REPORT AS WELL AS MITSUBISHI'S  
EARLIER SURVEY REPORT. SITUATION WHICH TASK FORCE  
PARTICIPANTS ENCOUNTERED WAS THAT INDONESIANS DISPLEASED  
WITH MITSUBISHI, AS GENERAL IMPRESSION WAS THAT  
MITSUBISHI EQUITY CONTRIBUTION WOULD IMMEDIATELY BE  
RETURNED IN FORM OF PAYMENT FOR OVER-PRICED SERVICES  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 025030

AND EQUIPMENT.

3. FOLLOWING COMPLETION OF NEW FEASIBILITY STUDY  
PERFORMED BY CHEMICO, COMPANY WAS NEGOTIATING CONTRACT

FOR DETAILED ENGINEERING AND CONSTRUCTION UNDER  
IMPRESSION THAT JAPANESE HAD BEEN THROWN OUT AND THAT  
THEY WERE ONLY CONTENDER. HOWEVER, AFTER RECENT CHANGES  
IN GRESIK MANAGEMENT THEY SUDDENLY FIND MITSUBISHI BACK  
IN PICTURE. MITSUBISHI OFFER APPARENTLY SUPPORTED BY  
FINANCING PACKAGE (90 PERCENT FINANCED, TERMS UN-  
CONFIRMED). MITSUBISHI IS LICENSEE OF CHEMICO PROCESS  
AND THEREFORE EVEN IF JAPANESE WIN CONTRACT, CHEMICO  
WILL HAVE TO DO PORTION OF ENGINEERING. CHEMICO MANAGE-  
MENT, HOWEVER, PREFERS TO DO ENTIRE JOB, BUT THEY ARE  
HAVING DIFFICULTY PUTTING TOGETHER COMPETITIVE  
FINANCING.

COMMENT: IT IS OUR IMPRESSION THAT CHEMICO LED DOWN  
THE GARDEN PATH BY GRESIK; THUS THE SUDDEN SURPRISE  
AT JAPANESE PRESENCE. HOWEVER, UNDER CIRCUMSTANCES,  
WOULD APPRECIATE EMBASSY MAKING DISCRETE INQUIRY AS  
TO STATUS NEGOTIATIONS WITH MITSUBISHI. WE PARTI-  
CULARLY INTERESTED OBTAIN REPORT ON WHAT ELEMENTS  
MITSUBISHI OFFER DIFFER FROM PREVIOUS ONE. KISSINGER

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 04 FEB 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975STATE025030  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** BIC/OED/MEPD/WHAIMES/CF  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750041-0610  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750273/aaaacnxt.tel  
**Line Count:** 85  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN COME  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 14 JUL 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <14 JUL 2003 by BoyleJA>; APPROVED <14 NOV 2003 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FERTILIZER PROJECTS: GRESIK TSP PLANT  
**TAGS:** BEXP, ID  
**To:** JAKARTA  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006